

Memo

To: Marvin Krout, Director
Planning Department

From: Don Herz, Director 
Finance Department

Date: April 25, 2005

Re: Lancaster Event Center

This is to express my concern regarding the proposed arena development at the Lancaster Event Center. My concern relates to the potential negative impact to the budget for the City owned Pershing Auditorium.

Pershing Auditorium has historically required an operating subsidy from the City to meet its budget needs. Over the past five years, the operating subsidies have been as follows:

Fiscal Year Ending August 31,	Amount
2004	\$593,368
2003	\$443,158
2002	\$346,993
2001	\$373,626
2000	\$275,854

As this table indicates, the City has seen its funding needs to operate Pershing escalate over the past five years. The operating deficit was initially negatively impacted by September 11, 2001. This event resulted in a downturn in the arena business on a national level. Now that this industry has recovered on a national level, Pershing has been again negatively impacted locally by the opening of the Qwest Center in Omaha, the Mid-America Center in Council Bluffs and the Lancaster Events Center in Lincoln.

It is my concern that the new proposed arena at the Events Center will further negatively impact the bottom line at Pershing because it will create another facility that will be pursuing some of the same events that Pershing currently books.